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INSURANCE DEPARTMENT PRESS RELEASE

FOR IMMEDIATE RELEASE

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Insurance Commissioner Roger Sevigny today released the Hearing Officer's Order in the AlphaDirections/Linda Pepin matter. The decision affirms all aspects of the Insurance Department's Order to Show Cause, which proposed a \$42,500 fine against AlphaDirections/Linda Pepin for multiple violations of insurance consulting and brokering licensing laws and comes after a contentious four-day hearing.

At the hearing, the Department argued that the former Director of Personnel for the state, Joe D'Alessandro, and Linda Pepin set up a sham broker appointment to facilitate the redirection of commissions to Linda Pepin's consulting firm, AlphaDirections, which was not licensed and could not legally receive the commissions. This arrangement allowed Linda Pepin to not only illegally receive brokerage commissions, but also to take advantage of an undisclosed financial interest by placing a provision in the state's health benefits contract that would have made the laundering arrangement permanent.

Linda Pepin's violations were willful and showed contempt for the state's licensing laws. They concerned an important, complex contract with much at stake, and Linda Pepin lacked the necessary skills to do the job. She and Joe D'Alessandro made elaborate efforts to conceal the payments and hide the financial interest that Linda Pepin had in the contracts.

Commissioner Sevigny noted the importance of the decision to the enforcement of the state's licensing requirements. "The Department's ability to protect consumers through the enforcement of its licensing laws was at stake here. As in other regulatory arenas, the public failure to sanction violations of the law would undermine voluntary compliance. In this context, it is critically important that the violator receive a fine that will be perceived as something more than a mere cost of doing business." Expressing satisfaction with the decision, Commissioner Sevigny said that it confirms the department's position that Linda Pepin put the state at great financial risk when she violated the insurance licensing laws.